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MINNESOTA DEPARTMENT OF ECONOMIC SECURITY

RESEARCH AND STATISTICAL SERVICES OFFICE

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Manuscripts of articles are welcomed and should be submitted to the Editor. Articles on labor market conditions and the economic welfare of Minnesota workers are preferred, but subjects which can be shown to be closely related to general economic conditions within the State will also be considered. Articles should be submitted complete with tables and graphs. Length generally should not exceed the equivalent of ten single-spaced typewritten pages, including graphs, references, and notes.

All signed articles appearing in this publication together with the Editorial Comment represent the views of the author or editor and not necessarily those of the Department. Questions or comments to the authors may be directed to the Research and Statistics Office of the Minnesota Department of Economic Security, 390 N. Robert Street, St. Paul, Minnesota, 55101 or (612) 296-6545.

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Editorial Comment

A CHANGE OF GUARDS

by R. Pinola

As with all things, change is inevitable. Effective with this issue of the Review, your editor will be terminating his tour of duty with the Department of Economic Security and taking on a new assignment with the University of Minnesota. After serving 18 years as Research Director for the Department of Economic Security, we felt it was time to return to the academic environment and also explore some new options.

In taking our departure from the Department and the Review, we extend our appreciation to the staff whose interest and cooperation enabled us to bring reliable economic and labor market information to many user groups on a current and regular basis. The fact that staff who put together the Review had other full-time assignments attests to their interest in disseminating data and analysis on a continuing basis to meet the needs of the community. The fact that the information is in a comprehensible form also reflects their dedication to duty. We recall that back in 1968, our Minnesota Economic Conditions publication was a four page tabloid, with little or no analysis. Over the intervening years, we have gradually and systematically expanded the coverage to include not only more data and graphics, but an analysis of labor market issues and problems. Instead of putting old wine in newly labeled bottles, we undertook a revision of the publication in 1976, and changed its name to the Review of Labor and Economic Conditions. Since 1977 we have been producing the current 32 page publication that readers have received on a quarterly basis.

In recent years we have conducted annual readership surveys to elicit your views regarding the content and format of the Review. As a result, we have made changes to reflect reader interest and to improve its readability. In general, however, the Review has remained much the same for the past nine years because you, the readers, found the content and format to your liking. But as we indicated in our opening sentence, change is inevitable and recent developments in funding the development and dissemination of labor market information necessitated a re-examination of our mission.

Over the past nine years, the Review has been primarily directed to providing national and state data and analysis. We were able to restrict ourselves to this coverage because in 1976 we established a network of Regional labor market information centers whose function was to develop and disseminate localized data to user groups at the area level. With the sharp cut in funding the labor market information system this year, we found it necessary to consider revising and/or expanding the Review and the monthly supplement to include much of the local data that had heretofore been disseminated by our LMI centers. Consequently, we considered restructuring the Review and expanding it to 36 pages, also making similar adjustments to the monthly supplement. However, this is still in the exploration stage. Beginning with the next issue of the Review, readers will find selected local data to complement some of the statewide and national data that we routinely disseminate. We hope that this arrangement will at least partially meet those user needs that were previously met by the LMI Centers.

In bringing this editorial note to a close, we would be remiss if we neglected to mention one of our concerns with the development and dissemination of

economic and labor market information. In this connection, we simply note that there seems to be a general proclivity to treat the development and dissemination of economic and labor market information as a commodity without cost, much like the water we drink. Moreover, since labor market information is largely regarded as a costless commodity, there is a tendency to treat it as an endless conveyor belt of "goodies", readily available to be chosen and picked whenever the desire or need arises. In the latter case, choice is often predicated on one's need to prove a preconceived point or to justify a course of action or policy that has been previously adopted with little or no systematic analysis.

Given this state of affairs, it is not surprising that data often gets emasculated and distorted, thus rendering it suspect. Even well-meaning users frequently jeopardize the value of reliable data by simply using it in the wrong context or failing to recognize the conceptual basis on which the data is developed. More generally, cheap substitutes are employed because the official data does not lend itself to the desired conclusions. Such practices offer charlatans a golden opportunity to ply their wares, which are bought and used by those who have peculiar axes to grind. In the end, the policy decisions and programs end up as a "mish-mash" of good intentions, never capable of addressing the real issues or problems. Unless data systems and analysis are adequately supported, and carefully used for policy formulation, it is futile to expect decision making in the public arena to evidence much improvement.

Postscript: We were recently advised that the Review of Labor and Economic Conditions was awarded first prize for the best quarterly publication on LMI among all fifty states. This prize is awarded by the Interstate Conference of Employment Security Agencies. We are, of course, delighted to have this honor bestowed upon us. The award is testimony to the creativity and dedication of staff, without whose assistance the Review simply would not get published.

Research Summaries

YOUNG MINNESOTANS' CAREER GOALS

by B. Steuernagel

People are fascinated by the future. Books on emerging careers and trends in the economy, politics, and social life are in strong demand. It is also interesting to study what people think their future will be like. This Research Summary reports on the results of the Minnesota Youth Poll conducted in 1984 concerning student career goals and plans.

In the spring of 1984, the University of Minnesota's Center for Youth Development and Research conducted a survey of approximately 725 Minnesota high school students from urban, suburban, and rural schools or alternative programs. The survey was not a random sample of youth, but the schools selected were geographically representative; half in the Twin Cities metropolitan are and half in the rest of the State.

Students were asked to describe the kind of work they expected to be doing when they were 30 years old. The question is a difficult one, and there is a great deal of uncertainty and shifting of career plans during the teen years. In fact a study by Cooley and Lohnes1/ in 1966 found that as many as 70 percent of students change their minds about what career they want during a school year. In spite of this, it is interesting to compare career aspirations of male and female teenagers and contrast them to the actual occupational employment distribution of 30-34 year olds in 1980.

Comparison of Teenage Occupational Goals and Actual Employment Distribution of 30-34 Year Old Minnesotans

	MALE		FEMALE	
	1980 Census	Goal	1980 Census	Goal
Professional, exc. performing arts	14.4	30.0	18.9	51.1
Performing Arts	1.5	8.0	1.5	12.0
Manager, Administrator	16.4	13.0	8.8	8.0
Office or Clerical	6.0	1.0	31.2	7.0
Sales Clerk	2.1	1.0	4.7	0.0
Sales Rep. or Supvr.	7.3	3.0	3.3	2.0
Protective Service	1.7	9.0	0.2	1.0
Laborer, Service	8.1	0.0	17.1	7.0
Technical, Skilled Craft	24.2	25.0	6.6	4.0
Semiskilled	14.0	1.0	7.1	0.0
Farm owner, manager	4.3	4.0	0.7	1.0
Military	- -	1.0	- -	- -
Homemaker	- -		- -	2.0
Don't know		4.0		6.0

Source: Minnesota Youth Poll: Aspirations, Future Plans, and Expectations of Young People in Minnesota, Minnesota Report AD-MR-2512, Agriculture Experiment Station, University of Minnesota, 1985. 1980 Detailed Populations Characteristics: Minnesota, Table 221, Census Bureau, U.S. Department of Commerce

1/ "Functions and designs for a computer-measurement system for guidance", (Paper presented at the American Personnel and Guidance Association National Convention, Washington, D.C., April 1966), Cooley, W., and Lohnes, P.

According to the study, girls have both higher and lower career aspirations than boys. About 63 percent of teenage women said they wanted to be working in a professional career compared to 38 percent of teenage boys. On the other hand 7 percent of the young women stated that they wanted to work in a laborer or service job compared to no young men. Females were less stereotyped than men in their responses than males. About 93% of the males chose typical male occupations while 43% of the females chose typical female jobs, 46 percent chose typical male jobs, and 11 percent chose neutral categories. This choice of less stereotyped jobs is also evidenced when one compares female goals to the 1980 Census occupational employment distribution found in the table. In 1980, 20.4 percent of 30-34 year old females in Minnesota worked in professional careers, significantly less than the 63 percent of teenagers who aspire to these careers when they are 30 years old.

Most teenagers had jobs already. These are predominantly in the service sector in such areas as food service, grocery stores, cleaning service. According to the poll, more than half of the students indicated that the jobs held as teenagers had little positive influence on their future career plans. Since most of the jobs held by students are low-paying and low-skills jobs, it is not surprising that the majority of students do not see any influence of those jobs when they aspire to loftier ones. However, about one-fourth of the students saw current jobs as having a positive impact in that they have learned basic work skills such as being responsible, punctual, and getting along with fellow employees. About 20 percent saw current jobs as a way to explore and assess interests and experiment with a variety of work roles. Only 10 percent saw jobs as merely a way to earn money.

Career goals play a significant role in how teenagers define success and future in adult life. Young women defined success more in terms of psychological, philosophical attributes such as happiness or contentment while young men defined success in terms of material possessions.

Young Womens's Definition of Success	
1. Happiness/contentment	31%
2. Good job (high status, enjoyable, good pay	24%
3. Money, wealth	23%
4. Happy family life	13%
5. Nice car, house	7%
6. Friends	6%
7. Achieving goals	5%

Young Men's Definition of Success	
1. Money, Wealth	26%
2. Nice car, house	15%
3. Good job	13%
4. Happiness, pleasure	13%
5. Happy family life	12%
6. Friends	5%

Failure in adulthood was generally defined by teenagers as the lack of many of the items mentioned above.

Young Women's Definition of Failure	
1. Unemployed, menial job	28%
2. No ambition, no trying, giving up	23%
3. Very poor, not able to support self	19%
4. Not married, no family	9%
5. Believing you are a failure	6%
6. Alcoholic	5%
7. No friends	5%

Young Men's Definition of Failure	
1. Unemployed, menial job	22%
2. Very poor, unable to support self	17%
3. Not married, no family	16%
4. No ambition, not trying, giving up	10%
5. Alcoholic	9%
6. Divorced	9%
7. No friends	6%

According to the study, the responses of both young men and young women indicate a contradiction when it comes to their vision of future work and family roles. The contradiction is perhaps more noticeable in young women's responses. On the one hand, they aspire to high-status, high-paying careers. On the other hand, a majority of young women place high value on the traditional values of marriage and motherhood, including leaving the labor force to raise children. They seem to have simultaneously incorporated the traditional roles of women in society and new values of economic independence and self-actualization without realizing the extent of conflict these attitudes can cause. As for young men, they appear to recognize the significant social changes that have occurred but do not feel strongly affected by them. Rather they feel that life will continue much as it has in terms of education, career preparation, job opportunities and family life.

Both young men and women seem to be unaware of many social and economic trends which may derail their dreams. Almost no young women expressed an awareness of the current realities of high divorce rates, poverty among households headed by women, and the labor market realities for women. Similarly, traditional jobs for men, such as factory and laborer jobs, are undergoing basic structural changes. The challenge for today's society, adolescent and adult, is balancing the role of working adults and responsible partners and/or parents.

The Job Market

THE ELECTRONIC MACHINERY AND EQUIPMENT INDUSTRY

by D. Detrick

Employment in the Electronic Machinery and Equipment Industry has doubled since 1960 in Minnesota. The industry's employment declined moderately during the recession and is expected to grow faster than other durable goods manufacturing industries in the future. This article will examine the composition, employment, occupational staffing patterns, and future outlook for this industry.

The Industry

The Electrical Machinery and Equipment Industry includes establishments which manufacture machinery, apparatus, and supplies for the generation, storage, transmission, transformation, and use of electrical energy. This industry group also includes the manufacture of household appliances.

There are over 340 electrical machinery and equipment establishments in Minnesota. The industry employs 28,000 workers, or 1.5 percent of the State's nonagricultural wage and salary employment. Sixty-two percent of these workers are employed in the Minneapolis-St. Paul nine-county metropolitan area.

Approximately 43 percent of the industry's employees manufacture electronic components and accessories, 17 percent manufacture communication equipment, 11 percent manufacture electrical industrial apparatus, and 10 percent manufacture household appliances. The remaining 19 percent manufacture the following items: miscellaneous electrical machinery, equipment and supplies; electric lighting and wiring equipment; electric transmission and distribution equipment; and radio and television receiving equipment, except communication types.

Occupational Staffing Patterns

Occupational staffing patterns, as shown in Table I, indicate that 85.8 percent of the industry's workers fall into four major occupational groups; namely, machine operators, managers and professionals, clerical workers, and craft workers.

Table I

Occupational Staffing Patterns for the Electrical Machinery & Equipment Industry

	Percent of Industry Employment		
Major Occupational Groups	1980	1982	1990
Managerial and Professional	21.3	21.6	22.6
Technical	6.6	6.7	6.6
Sales	2.4	2.3	2.0
Clerical	15.6	15.6	15.5
Service	2.1	2.0	2.0
Farming	0.1	0.1	0.1
Craft	14.2	14.3	14.3
Machine Operators	34.7	34.3	33.9
Laborers	3.1	3.0	3.0

Machine operators represent over one third of the workers in the Electrical Machinery and Equipment Industry. During the recession the number of machine operators fell by 4 percent, slightly more than the industry decline of 2.9 percent. The employment of machine operators is expected to rise by about 21 percent between 1982 and 1990. This rate of growth is a little less than the 22.1 percent increase predicted for the industry. Significant machine operator occupations include assemblers (45 percent), machine operators, not specified (11 percent), production inspectors, checkers and examiners (8 percent), and welders and cutters (6 percent).

The second largest major occupational group, managerial and professional workers, contributes 22 percent of the industry's total employment. The proportion of managers and professionals is expected to increase by 1990, with the employment of these workers projected to rise by nearly 28 percent between 1982 and 1990. Over half of the managers and professionals are in the following occupations: managers and administrators not elsewhere classified (30 percent); electrical and electronic engineers (14 percent); and marketing, advertising and public relations managers (10 percent).

Both clerical workers and craft workers are expected to maintain their share of industry employment through 1990. Between 1982 and 1990, clerical workers are projected to increase by 20.9 percent, and craft workers by 21.9 percent. The dominant clerical occupation is secretaries, comprising 26 percent of the industry's clerical workers. Among the craft workers, large occupations include production supervisors (32 percent), and electrical and electronic equipment assemblers (18 percent).

Workers in the five remaining occupational groups constitute 14 percent of industry employment. Between 1982 and 1990, the number of laborers is predicted to grow at a faster pace than total industry employment. Sales workers are expected to experience the smallest employment growth in the industry during the same time period, consistent with the declining proportion of sales workers in total industry employment. The only large occupation among the five occupational groups is electrical and electronic technicians. These technicians represent about half of the technical workers' employment.

The Outlook

The outlook for employment in the Electrical Machinery and Equipment Industry is generally good. Between 1980 and 1990, industry employment is expected to grow at one and one half times the rate projected for total State employment.

Employment trends in the industry will mainly depend on technological advances, demand for the industry's products, and foreign competition. Strong demand for industry products will be stimulated by higher consumer incomes, government spending on military electronics, and business investment in new telecommunication services and other electronic components. Products with international markets, such as semiconductors, are likely to experience continued competition from imports. Rapid productivity gains can also be expected to affect employment. Currently, technological advances may be more influential than business cycles in causing employment shifts in the industry.[1]

1/ "Employment in Durable Goods, 1979-1982", Monthly Labor Review, February, 1984.

SUPPLY/DEMAND FOR SPECIFIC OCCUAPTIONS, JULY, 1985[1/]

by S. Hamper

Minnesota

Shortage Occupations: commissioned sales persons#, food service workers#

Surplus Occupations: entry level managers#, welders#, construction workers#, material handlers#, general laborers#.

Central Minnesota

Shortage Occupations: commissioned sales persons#, factory trained auto mechanics#

Surplus Occupations: management trainees, material handlers, laborers#

Minneapolis/St. Paul

Shortage Occupations: commissioned sales persons, registered nurses, secretaries#, retail sales clerks, food service workers#

Surplus Occupations: entry level managers#, electronic technicians, machinists#, electronic assemblers#, welders#, truck drivers, general laborers

Northeastern Minnesota

Shortage Occupations: none

Surplus Occupations entry level managers#, teachers#, social workers#, nurses#, office clerical workers#, typists#, bookkeepers#, sales clerks#, maids#, waiters/waitresses#, food production workers#, machinists#, welders#, auto mechanics#, maintenance mechanics#, carpenters#, bricklayers#, pipefitters#, electricians#, painters#, mining crafts#, laborers: construction, general, and mining#.

Northwestern Minnesota

Shortage Occuaptions: commissioned sales persons#, factory trained auto mechanics#

Surplus Occuaptions: office clerical workers#, nurses#, construction workers#, material handlers, janitors#, general laborers#

Southern Minnesota

Shortage Occuations: over-the-road truck drivers#, various part-time positions#

Surplus Occuaptions: construction workers#, factory workers#, general laborers#

1/ Shortage occupations are those that are difficult to fill or go unfilled due to the lack of qualified applicants. Surplus occupations are those in which the number of qualified applicants greatly exceeds the number of openings.

This occupation has been listed as a shortage or surplus occupation in at least two out of the last three quarters of the Review.

Job Service Applicant Supply and Demand

Table 1 compares Job Service (J.S.) job applicants with the J.S. job openings that existed at the end of the month. These comparisons are expressed as supply/demand ratios. Other things being equal, the greater the ratio of applicants to openings, the greater the competition has been for work within that occupational category. To put these ratios into context, the reader must remember that not only do job seekers and employers in general find jobs or recruit workers through other means, but those interested in certain kinds of jobs are particularly unlikely to use the J.S. For example, workers seeking professional and managerial jobs are least likely to use the J.S., whereas employers usually recruit construction workers through union halls and hire teachers directly. Thus, the main value of Table 1 is that it reflects, for broad occupational groups, the relative labor market conditions that those using the J.S. encountered when seeking work. Readers who desire information on current shortage and surplus conditions for a specific occupation should refer to the Supply/Demand assessments given above.

Table 1. Experienced Supply/Job Openings Demand[1/]

Occupation	Applicants (Supply) July, 1985	Job Openings (Demand) July, 1985	Supply/Demand Ratio	
			July, 1985	July, 1984
Total	108558	17145	6.3	15.7
Prof., Tech., Mgr.	13141	1793	7.3	21.7
Clerical	16558	3281	5.0	16.4
Sales	5633	2033	2.8	6.9
Dom. Services	2452	492	5.0	13.1
Other Services	13349	4405	3.0	9.8
Farm., Fish., For.	10459	673	15.5	44.5
Processing	2171	1465	1.5	6.5
Machine Trades	6709	474	14.2	16.4
Benchwork	7326	510	14.4	20.7
Structural Work	14122	881	16.0	31.0
Mtr. Frght., Trans.	4271	435	9.8	22.0
Pkg. & Mat. Hndlg.	11375	623	18.3	15.1
Other	992	80	12.4	42.4

1/ Inexperienced and improperly coded job applicants are not included in this table.

Feature Article

PROBLEMS WITH COMPARING STATE UNEMPLOYMENT INSURANCE LAWS

by J. Berglund

If it were easy to objectively evaluate the Minnesota Unemployment Insurance law with respect to other states, there would have been a lot less public quarreling in the last few years. In one sense, it is inevitable that it is almost impossible to compare one state with another. Within limits established by the federal Social Security Act in 1935, each state has the freedom to establish its own laws on benefit eligibility, amount of compensation, and payroll tax plan. Even states that started out with similar laws can differ substantially after fifty years of revisions. On the other hand, despite the multitude of changes, the basic concepts have remained the same among the states. Benefits are paid only to unemployed workers who have been with a covered employer long enough to earn a certain amount of wage credits, and the benefit amount is related to a worker's usual wages. Most of the state variations in costs to employers are to tied the level of unemployment as well as individual state laws.

This article focuses on the difficulty of evaluating one state law against another, especially in reference to Minnesota. The first problem is the data itself.

Lack of Relevant Data

Almost all data that is available in the UI (Unemployment Insurance) system is a byproduct of administrative records. Because good administration has minimized paperwork, many kinds of data needed to evaluate the impact of the program are not available.

For example, data on personal characteristics of claimants is collected when they register, but the information actually tabulated usually only concerns the benefits paid, number of persons paid, the office taking the claim, and the claimant's industry. At the end of the year, summary reports provide average weekly wage and number of weeks worked. Data on age and sex of recipients is collected from a sample. Before computers, when the records were tabulated by hand, clerical and printing errors occasionally crept in, but now that has been virtually been eliminated.

Each quarter, the State Department of Economic Security collects from employers, data on their total wages paid, taxable wages paid, and contribution due. Periodically employers are also asked to specify their major activity in order to reconfirm their industry and their location. The only other employer records are the benefits charged, which are used to calculate their tax rate.

But for all the data that exists about claimants, we still do not know much about the effectiveness of the program or how to evaluate it. Without a better means of describing the recipients, anyone is free to draw almost any conclusion about recipients. Some people believe that most of the money goes to marginal workers. Others think most of the money goes to housewives who prefer not to work. Still others think most of the money merely subsidizes seasonal workers during the winter. The fact is that there is not any continuing, systematic procedure to determine whether any of these opinions is accurate. Thus, rather than longitudinal data on individual recipients, we only have counts of claimants, identified by selected characteristics such as age, sex, industry and occupational attachment.

This article was prepared by John Berglund, Research Analyst, Research and Statistics, Department of Economic Security.

Consistency of Employer Data

One would think that it would be relatively easy to collect and summarize a few pieces of data from each employer each quarter, especially with a state law that mandates reporting. Actually, errors occur in several ways. Every quarter, about five percent of firms do not respond on time. These firms are identified and their data is estimated by the Department based on their patterns in previous years. When the late report is received, actual data replaces estimated data.

Even when employers report accurately and timely, coding errors can creep into the Department computer. Efforts are made to detect errors at an early date, but occasionally a large error is not detected until after the data has been published. At this point, it is too late to send corrections to those who have the original data, but in future publications the data is corrected.

When the problems cited above are expanded to include the other forty-nine states and the District of Columbia, it is easy to see how difficult it is to compare data among the several states. Errors published in official sources will often remain uncorrected for several years before corrected data is issued. Making observations and conclusions based upon suspect employer data may lead to erroneous, misinformed, or biased comparisons.

Tax Data Comparability

Comparisons of revenue raising efforts and capabilities are tied to individual employers' data being aggregated and averaged. Unfortunately, uniform standards of tax effort are not imposed upon all states. Each state legislature is free to set employer tax laws within broad Federal minimum standards.

Taxable wage bases are set by the legislatures equal to or above the Federal mandate. Thus, the portion of total wages paid that are subject to taxation vary, based upon wage levels and the taxable wage base. Minnesota has levied taxes on a base above the Federally-mandated tax base since 1966. In 1984, Minnesota was one of 30 jurisdictions that taxed on a wage base above the Federal base of $7,000 per employee. Thus, comparing taxes collected as a percent of taxable wages among states is akin to comparing apples, oranges, and plums.

Moreover, the method by which tax rates are assigned to employers is a function of the experience-rating system chosen by each state legislature. The number of levels in a tax schedule or schedules, the intervals between those levels, the minimum tax rate and the maximum tax rate in those schedules also affect the revenue collection effort. These vary among states, again because legislatures determine the applicable provisions of the law. The degree to which an individual employer's experience with unemployment is reflected in his tax rate to recover the costs of the system also falls within the scope of each State's legislative arena.

It thus appears that only a broad comparison of taxes collected as a percent of total wages paid might avail as a comparison of taxing effort among the States.

Benefit Data Comparability

Problems of comparing taxing efforts pale when comparing benefit cost outlays. Provisions of the various State laws determining eligibility for benefits, duration of benefits, weekly benefit amounts, minimum and maximum benefit amounts, and specific exclusions including seasonal provisions cloud any efforts at comparison of benefits among States.

Qualifying wages or employment requirements which demonstrate attachment to the labor force take various forms, depending upon each state's law. Some states use multiples of the highest amount earned in a quarter to determine eligibility. Others use weeks of work; still others use a multiple of the individual's weekly benefit amount. Some use a flat earnings amount, and one uses hours of work. Thus, depending upon how much a person earns, over how many weeks, and during how many quarters of a year, the individual might qualify for benefits in some states and not others. Even if employment and wage distributions and unemployment incidence in two states were identical, unless their qualifying requirements were the same, different benefit costs would result.

The number of benefit weeks payable to an individual, the duration of benefits, is also a provision determined by each state. Some states provide for a uniform potential duration for each recipient, while others vary duration depending upon earnings and/or weeks of work during the base period preceding a new claim for benefits. In 1984, 8 states had uniform potential durations for all claimants; the others varied potential duration depending upon the claimants's assumed level of labor force attachment. Only three states had a maximum potential duration greater than 26 weeks in 1984, while minimum potential durations varied from 1 week to 26 weeks. Minnesota had a minimum duration of 11 weeks and a maximum of 26 weeks. Potential duration for each claimant, and the actual number of weeks collected thus affect benefit cost comparisons.

Provisions in state laws on maximum, minimum, and individual weekly benefit amounts further complicate comparison. An individual claimant's earnings, which determine the weekly benefit amount, will produce a different weekly benefit depending upon the state in which the claim is filed. Depending upon the distribution of claimants in a state, by industry and earnings, the maximum weekly benefit amount payable, the benefit formula, and the presence or absence of dependent allowances, benefit liability differences can be substantial.

Consistency of Benefit Data

Depending upon the summaries used, it is possible to have regular benefit data that includes or excludes benefits paid to claimants from reimbursable employers, who, rather than paying taxes, are billed on a "pay-as-you-go" arrangement. Also possibly included or excluded would be payments under the Federal-State extended benefit program, which is triggered in on a state-by-state basis depending on the unemployment rate. Other data which may or may not be included are the Federal unemployment programs for civilian and military employees that are operated by states but do not affect solvency.

Unless the data from the publications are carefully examined for consistency with regard to benefit outlays, an analyst comparing benefit costs among the states would be open to misinterpret differences among the states. Not aiding analysis of benefit cost differences is the different series developed over the years that contain uncomparable data.

Breaks in the data series, erroneous data, and differing state laws all render benefit cost data difficult to compare.

When comparing benefit costs as a percentage of total wages, for example, one must stipulate whether the wages are only those of taxable employers, or include reimbursable employers, and whether Federal employers are included or excluded. Also, are the benefit costs only under the regular UI program, including reimbursable employers, interstate claims for which the state is liable, or does the cost figure also include extended benefits and/or emergency extended benefit costs, and/or Federal employee benefit costs?

Can Minnesota Be Compared With Other States?

With all the problems involved in data comparability mentioned above, it is readily apparent that comparisons are difficult. Still, one must often make comparisons based on comparable data among states for policy decisions. Any comparison has its shortcomings, but one popular method ranks states from highest to lowest according to some particular measure. In addition to the available UI operations data, additional factors considered are differences in economic structure and state benefit accessibility laws. A brief discussion of each of these illustrate pitfalls to be avoided when using comparisons for policy decisions.

The Problem With Ranking States

One way of making comparisons with shaky data is to rank items from highest to lowest. With some attributes or measures, this is especially appropriate if the resultant distribution produces a middle score near the national average. This is not usually the case with measures of unemployment insurance. When States are ranked by average wages, Minnesota is in the top third (seventeenth at $328.57) even though it is one percent below the rational average ($332.00). Consequently, one can argue that Minnesota wages are either above or below average. The middle state, with a rank of 26th, is Arizona with wages averaging under $317.00.

Another problem with ranking is that small numeric differences can cause big differences in rank. Using 1983 average weekly earnings again, only a ten dollar difference exists between the States ranked 18th and 26th. Ten dollars represents about three percent of the national average.

Thus, a state's rank may not tell the full story, and one should be cautious when making judgements solely on that basis.

Benefit Accessibility

The single largest noneconomic factor affecting the program's cost is the average wage replacement rate. Most states specify that the weekly benefit amount will be fifty percent, or slightly higher, of the claimant's average weekly wage up to a maximum amount. The maximum is the critical factor. If the maximum is set at two-thirds of the average wage, about 30 percent of the claimants will not receive a benefit of about half of their wage level. If the maximum is set lower, fewer claimants will receive half of their wages.

Prior to the inflationary 1970's, maximums set by law were not much of a problem, because legislatures could examine and perhaps raise the maximum amount nominally every few years. But when inflation grew by over five percent a year, some states responded with automatic, quick increases in the maximum which were usually set between 50% and 66 2/3% of the average wage. In 1975, the Minnesota legislature joined about two- thirds of the states, approving an automatic escalation of the maximum according to the escalation in wages.

Economic Conditions In Minnesota

Two variables to be considered in evaluating States are the type of economy and the level of economic activity. Historically, Minnesota has had relatively healthy growth(except for seasonal swings) with lower than average unemployment. The 1950 census shows that the industry composition of Minnesota was similar to the national average with two exceptions. Minnesota had a significantly higher proportion of agricultural workers, a lower proportion in manufacturing, and therefore, a smaller percentage of unemployed covered by UI than nationally. Minnesota's low unemployment rate further contributed to the relatively smaller percentage of persons collecting UI benefits than nationally.

By 1960, national declines in agriculture and mining employment were compensated for by growth in other industries. Total employment matched labor force growth, keeping the unemployment rate about the same. In Minnesota, manufacturing was the only industry to grow faster then the national average, and the unemployment rate rose in response to the sluggish economy. However, the State's unemployment rate did not exceed the nation's due to out-migration.

During the decade of the 1960's, Minnesota's population and employment growth kept pace with that of the Nation. The major difference was Minnesota's faster growth in computer manufacturing. By 1970 as the state's larger manufacturing base became increasingly susceptible to economic swings, the unemployment rate began to behave more like the Nation's.

In the 1970's, the working age population grew substantially as the baby boom of the 1950's reached adulthood. Overall, the State's employment structure roughly paralleled that of the nation. While agricultural employment was steady at best, the computer manufacturing industry provided the base for a healthy gain in manufacturing. By 1980, however, the whole economy was weakening and unemployment was rising. Still, the Minnesota unemployment rate increased less than nationally because of higher gains in state employment.

Using the monthly labor force series, there has never been a five-year period (or even one year) in which the Minnesota's unemployment rate exceeded the national average. This produced Minnesota's traditionally low unemployment cost rates. Recently, the cost of insuring unemployment has been above average. (See Table 1.)

TABLE 1

	Total Unemployment Rate[1]		Benefit Cost Rate[2]	
	MN	US	MN	US
1950-1954	NC	4.0%	.74%	1.00%
1955-1959	NC	5.0%	1.06%	1.20%
1960-1964	NC	5.7%	1.10%	1.33%
1965-1969	NC	3.8%	.47%	.67%
1970-1974	4.3%	5.4%	.88%	1.02%
1975-1979	5.0%	7.0%	1.14%	1.29%
1980-1984	6.7%	8.3%	1.40%	1.33%

NC Comparable data not available due to change in methodology for developing estimates of unemployment.

1/ Estimated by Bureau of Labor Statistics, U.S. Dept. of labor.

2/ Regular benefits paid expressed as a percent of total wages paid for the comparable time period and geographical area, excluding reimbursable benefits and wages. Published in Handbook of Financial Data by the Employment and Training Administration, U.S. Dept. of Labor.

TABLE 2

	Benefit Cost Rate[1]	Compensable Unemployment Rate[2]	Wage Replacement Rage[3]
1976	1.27%	3.00%	42.3%
1977	1.07%	2.51%	42.5%
1978	.79%	1.79%	43.9%
1979	.75%	1.70%	44.2%
1980	1.27%	2.77%	45.8%
1981	1.16%	2.59%	44.6%
1982	1.67%	3.75%	44.4%
1983	1.25%	2.91%	42.8%
1984	.85%	2.03%	42.0%

1/ Regular benefit covered employment in the twelve-months ending six months earlier. The timing difference recognizes that a benefit recipient had to have earned wage credits in advance of his period of unemployment.

2/ Average weekly number of weeks paid under the regular program during the year as a percent of the average number of covered workers during the twelve months ending six months earlier.

3/ Regular benefits paid during the year divided by the number of weeks paid under the regular program as a percent of the average weekly wage. The average weekly wage is the total amount of benefits paid in the twelve months ending six months earlier divided by the corresponding average number of employees divided by 52.

To better understand the rise in the cost rates, the cost rate was split into two components: wage replacement rate (average weekly benefit as a percent of average weekly wage of workers) and compensable unemployment rate (the average number of benefit recipients as a percent of the number of workers) as in Table 2. The table clearly shows the unemployment factor dropping in 1978 and 1979, and then rising during the 1980 recession. Meanwhile, the wage replacement rate rose, mainly because of the higher maximum weekly benefit. Beginning in 1977, an automatic adjustment of the maximum was phased in: 62% in July 1977, 64% in July 1978, and 66 2/3 percent in July 1979. When the reserve fund was exhausted, a partial freeze was enacted by the legislature which limited the yearly increase in the maximum benefit to $7.00 in 1982, 1983, and 1984. The effect of this on wage replacement is shown in Table 2. Meanwhile, the economic recovery that began in 1983 has been stronger in Minnesota than nationally. But because many other states have also frozen their maximum weekly payments, the national cost rate will level, making it harder to achieve low cost rates in the future even though unemployment is below average.

APPENDIX

SOURCES OF PUBLISHED DATA

Comparison of State Unemployment Insurance Laws Unemployment Insurance Service Department of Labor, Washington, D.C. 20213	Contains explanations of standard terminology and practices. Also indicates which States have variances from the most common. Many tables are provided which show the various legal provisions applicable in each state. No operational statistics. Updated annually by replacement pages.
Handbook of U.I. Financial Data Unemployment Insurance Service Department of Labor Washington, D.C. 20213	Contains annual statistics for each state on covered employment, total wages paid, total taxable wages, benefits paid, contributions collected, number of recipients, number of recipients that exhaust entitlement, and selected ratios of these measures. Last book has data through 1982. Annual supplements are available about 18 months after the end of the year.
Quarterly Unemployment Insurance Compilation and Characteristics Unemployment Insurance Service Department of Labor Washington, D.C. 20213	Contains quarterly data by state number of claimants, benefits paid, trust fund balance, latest unemployment, rate. Also contains each state's rank for about forty different ratios. Published about 3 months after the quarter.
Employment and Wages Bureau of Labor Statistics Department of Labor Washington, D.C. 20213	Contains annual data by state by four-digit Standard Industrial Classification of covered employment, total wages and reporting units. Published about 18 months after the year's end.
Employment and Earnings Bureau of Labor Statistics Department of Labor Washington, D.C. 20213	Although primarily a monthly report of national employment and unemployment developments, it also contains unemployment rates for each state and metropolitan area, employees on nonagricultural payroll by major industry for each state and metropolitan area, and average hours and earnings of production workers in manufacturing for each state and metropolitan area.

Brief Analysis Of Economic Conditions

THE NATIONAL AND STATE ECONOMIES IN THE SECOND QUARTER

by B. Boyle

Nation

Although the recent report on real gross national product showed some improvement in the Nation's economy in the second quarter, the economy was still growing at a very slow rate. Moreover, monthly data for July suggest that there will be only modest growth in the third quarter.

Except for the unemployment rate (seasonally adjusted) which remained at 7.3 percent for the sixth consecutive month in July, labor market conditions were less buoyant in the second quarter. Seasonally adjusted nonfarm payroll employment rose by 540,000 in the second quarter after an increase of 820,000 in the first quarter and even larger gains in previous quarters. The slower growth in payroll employment in the second quarter was the result of continued declines in manufacturing and slower growth in retail trade and services. Manufacturing employment, especially in durable goods, fell by 126,000 in the second quarter after a drop of 77,000 in the first quarter. On an optimistic note, however, employment in manufacturing fell by only 7,000, as nondurable goods employment rose by 13,000 while jobs in the durable goods sector dropped by 20,000.

Developments in other indicators in July and the second quarter also were signs of a sluggish economy. Industrial production continued to grow at the same slow 0.2 percent monthly rate that has persisted since January, while retail sales rose a modest 0.4 percent in July after declines in the two previous months. Meanwhile, both personal income and personal consumption expenditures rose at rates of 0.4 percent in June and July, somewhat slower than earlier in the year but not altogether as poor as predicted earlier.

State

The Minnesota economy weakened considerably in the second quarter as total employment continued to decline and nonfarm payroll employment barely rose in the second quarter compared to that in previous quarters. Also, unemployment which fell steadily during the first five months of the year rose significantly between May and July.

After dropping from a recent high of 6.6 percent in December, 1984 to 5.0 percent in May, Minnesota's seasonally adjusted unemployment rate rose by 0.1 of a point in June and by 0.6 of a point in July. UI claimant data show that layoffs in mining and manufacturing caused the rise in unemployment. Also, seasonally adjusted total employment fell by 30,000 in the second quarter after a decline of 18,000 in the first quarter. Moreover, after gains of nearly 12,000 in the first quarter and 22,000 in the fourth quarter, seasonally adjusted nonfarm payroll employment rose by only 1,300 in the second quarter. The very slow growth in payroll employment in the second quarter was due to substantial declines in employment in durable goods manufacturing, trade, and construction, whereas the only industry sector to experience a contraction in the first quarter was manufacturing. The sluggishness in manufacturing that began in February was caused primarily by the downturn in the computer industry. In construction, where employment has been dropping since March, the decreases were largely among special trade contractors. The downturn in trade employment which started in February was concentrated in eating and drinking places and general merchandise stores.

Forecasts

FORECASTS OF GNP & MINNESOTA PAYROLL EMPLOYMENT

By C. Cline

Our forecasts show sustained strong growth over the next eight quarters. Real GNP is forecasted to grow at a 6.96% rate from 1985:2 through 1986:2 and 5.56% from 1986:2 through 1987:2. Total Minnesota Wage and Salary employment is forecasted to grow at rates of 4.65% and 6.77% for the same two periods.

These forecasts are published, as calculated, without judgemental revision. That we leave to the reader. However, many well known forecasts are adjusted after computation. These forecasts show projected rates of growth for real GNP (and by implication, Minnesota employment) substantially lower than those given here. For example, averaging of real GNP forecasts reported by the Conference Board show 3.03% and 3.49% growth for the same two four-quarter periods. Our model forecasts real GNP based on its past values and those of the interest rate on 91 day treasury notes. Thus the recent hefty reductions of interest rate significantly affect our real GNP forecast. Also, trend variables are present in almost all equations and may affect our results perversely at times. For example, if all trend variables are deleted, growth rates for real GNP are reduced by almost a full percentage point in each period and total Minnesota unemployment growth by about 0.5 percentage point over the 1985:2-1986:2 period and 1.5 percentage points over the 1986:2-1987:2 period.

Quarter	Real GNP (Billions of 1972 Dollars)	MINNESOTA PAYROLL EMPLOYMENT, BY QUARTER (In Thousands)								
		Total Nonagricultural Wage & Salary	Mining	Contract Construction	Manufacturing	Transportation, Communications, & Public Utilities	Retail and Wholesale Trade	Finance, Insurance, & Real Estate	Services	Government
Current										
1985:2	1671.60	1886.17	10.05	73.42	377.22	98.98	475.97	109.46	439.08	302.00
Forecasts										
1985:3	1691.33	1905.95	10.96	85.74	390.72	98.75	481.87	111.21	445.64	277.62
1985:4	1722.14	1937.72	9.92	81.19	384.65	101.54	490.91	111.17	454.97	301.67
1986:1	1756.51	1898.43	9.15	61.43	380.30	99.24	476.07	111.64	455.00	302.36
1986:2	1787.92	1973.93	10.54	77.84	389.21	101.96	498.26	114.26	472.94	302.66
1986:3	1818.71	2017.22	10.84	93.22	410.62	103.55	506.58	116.31	480.63	279.56
1986:4	1845.22	2064.15	10.21	88.42	409.16	107.60	519.36	116.50	490.68	302.39
1987:1	1867.19	2025.42	9.61	66.33	407.06	105.14	504.95	117.05	490.34	303.07
1987:2	1887.32	2107.66	10.87	83.88	417.53	108.04	529.70	119.89	511.09	302.97

Notes

1. These forecasts are produced using the Vector Autoregression model developed for Research by Rao Aiyagari.
2. The concept of employment forecasted is that of Nonagricultural Wage and Salary employment. The count represents the number of jobs held since the data is generated from a survey of employer payroll records. Groups included in labor force employment, but excluded here are the self employed, domestics, unpaid family workers, employees of nonprofit institutions, and those government workers not covered by unemployment insurance.
3. Employment forecasts are seasonally unadjusted values. Real GNP is seasonally adjusted.
4. Forecasts of major industry employment do not sum to the forecast of total wage and salary employment. This is due to random error in the forecasted values.
5. There is great diversity in the accuracy of the forecasts among the major industry divisions, especially mining. More information on their accuracy can be obtained from the author on request.

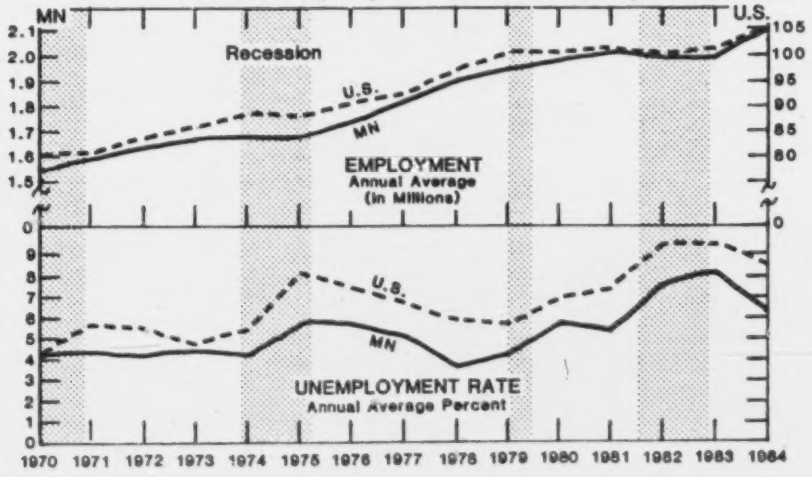
Labor Force Statistics

Labor Force Estimates	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Millions)		
	July 1985	Change From Last Mo.	Change From Year Ago	July 1985	Change From Last Mo.	Change From Year Ago
Civilian Labor Force	2257.3	-8.7	-9.7	117.5	1.0	1.3
Employed	2136.5	-17.3	-1.0	108.8	1.1	1.4
Unemployed	120.8	8.6	-8.7	8.7	-0.1	-0.1
Unemployment Rate						
Actual	5.4	0.4	-0.3	7.4	-0.1	-0.1
Seasonally Adjusted	5.7	0.6	-0.4	7.3	0.0	-0.2

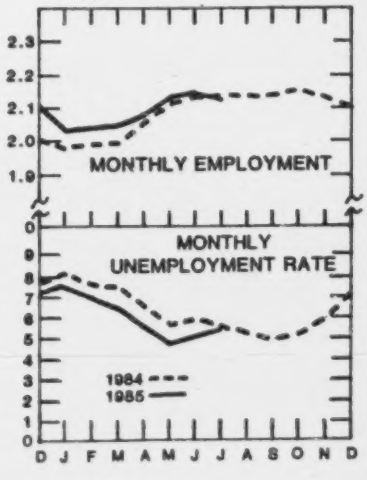
Historical Labor Force Series

Year	Minnesota (Annual Average in Thousands)				United States (Annual Average in Millions)			
	Labor Force	Employment	Unemployment Number	Unemployment Rate	Labor Force	Employment	Unemployment Number	Unemployment Rate
1970	1625.0	1557.0	68.0	4.2	82.8	78.7	4.1	4.9
1971	1664.0	1592.0	73.0	4.4	84.4	79.4	5.0	5.9
1972	1704.0	1630.0	73.0	4.3	87.0	82.2	4.9	5.6
1973	1766.0	1686.0	80.0	4.5	89.4	85.1	4.4	4.9
1974	1769.0	1691.0	77.0	4.3	91.9	86.8	5.2	5.6
1975	1790.0	1684.0	106.0	5.9	93.8	85.8	7.9	8.5
1976	1850.0	1740.0	109.0	5.9	96.2	88.8	7.4	7.7
1977	1909.0	1811.0	98.0	5.1	99.0	92.0	7.0	7.1
1978	1979.0	1903.0	76.0	3.8	102.3	96.0	6.2	6.1
1979	2039.0	1954.0	85.0	4.2	105.0	98.8	6.1	5.8
1980	2111.0	1985.0	125.0	5.9	106.9	99.3	7.6	7.1
1981	2154.0	2035.0	119.0	5.5	108.7	100.4	8.3	7.0
1982	2167.0	1998.0	170.0	7.8	110.2	99.5	10.7	9.7
1983	2176.0	1999.0	178.0	8.2	111.6	100.8	10.7	9.6
1984	2229.0	2088.0	141.0	6.3	113.5	105.0	8.5	7.5

MN and the U.S., Employment & Unemployment Rate



MN, 1984 and 1985



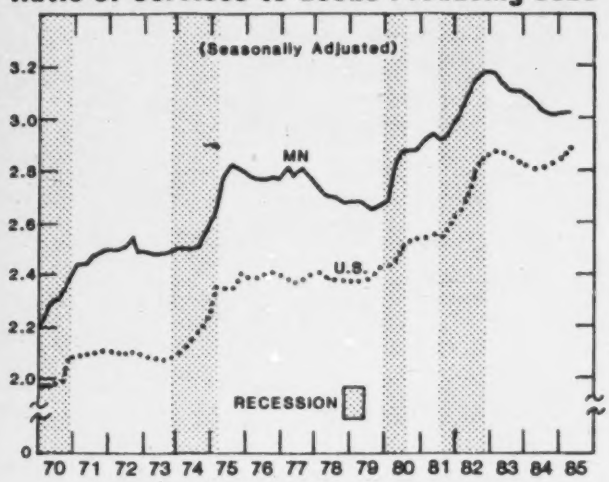
Labor Market Conditions

The table and graphs in this section describe the behavior of the market for labor services in terms of its quantity, price, and supply. The quantity of labor services, which is the number of employed persons, is classified by industry. The price of labor services is roughly indicated by the industry wage. Unemployment estimates provide a qualified measure of excess labor supply. The degree to which persons participate in the labor market and the effectiveness of the market in utilizing labor services are indicated by Labor Force Estimates and by Other Rates of Labor Utilization.

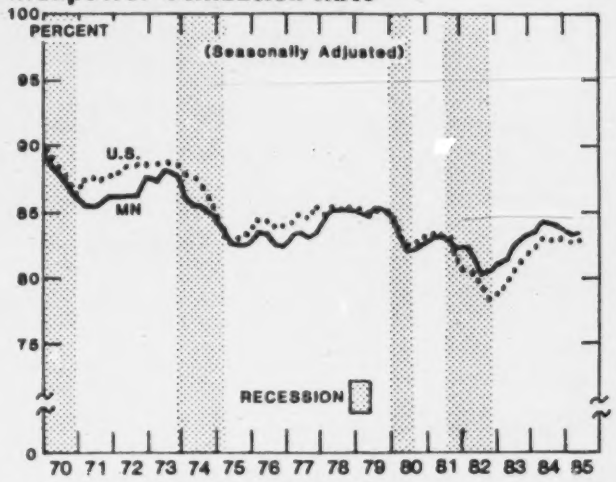
Labor Force & Establishment Data	MINNESOTA (Numbers in Thousands)			UNITED STATES (Numbers in Thousands)		
	II QTR. 1985	Percent Change from		II QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago		Last Qtr.	Year Ago
Labor Force Estimates						
Total Labor Force						
Actual	2238.6	2.0	0.0	115262	1.3	1.5
Seasonally Adjusted	2206.4	-1.9	0.02	115176	0.02	1.5
Employment						
Actual	2123.3	4.0	1.1	106958	1.9	1.7
Seasonally Adjusted	2092.8	-1.0	1.1	106758	0.02	1.7
Unemployment						
Actual	115.3	-24.8	-16.5	8305	-6.5	-1.4
Seasonally Adjusted	113.6	-15.2	-16.5	8417	-0.1	-1.3
Unemployment Rates						
Actual	5.2	-25.7	-16.1	7.2	-7.7	-2.7
Seasonally Adjusted	5.1	-15.0	-17.7	7.3	0.0	-2.7
Other Rates of Labor Utilization						
Participation Rt. (Labor Force/Population (16+)	68.8	-2.1	-1.0	64.7	-0.3	0.3
Full Employment Deficit - Percent of Workers1/	1.2	3.0	2.2	3.2	3.8	3.4
Manpower Utilization Rate2/	83.7	0.4	-0.9	82.8	-0.1	-0.2
Nonagricultural Wage & Salary Positions						
Employment*	1875.7	0.1	3.5	97324	0.7	3.5
Mining	9.1	23.0	-6.2	980	0.4	0.7
Construction	74.1	-1.5	10.3	4648	2.4	7.8
Manufacturing	378.3	-0.7	1.5	19425	-0.7	0.2
Durables	226.8	-1.3	0.9	11581	-0.8	0.8
Nondurables	151.5	0.1	2.4	7844	-0.6	-0.8
Trans., Comm., & Public Utilities	98.9	1.4	2.2	5300	0.6	3.0
Trade	474.4	-0.4	4.1	23118	1.1	5.2
Fin., Ins., & Real Estate	108.9	0.5	3.0	5886	1.3	4.0
Services	436.6	0.5	5.5	21807	1.4	5.7
Government	295.4	0.4	1.3	16160	0.3	1.4
Average Weekly Hours*						
Mining	39.6	0.5	2.1	43.3	0.2	0.0
Construction	37.9	-0.3	2.2	37.6	-0.8	-0.3
Manufacturing	39.9	0.0	-2.0	40.3	-0.2	-1.2
Durables	40.9	0.5	-1.7	41.0	0.0	-1.2
Nondurables	38.5	-1.0	-2.0	39.3	-0.3	-1.3
Trans., Comm., & Public Utilities	37.9	0.8	-1.0	39.5	0.3	0.0
Trade	29.9	0.3	-3.2	32.0	0.0	-0.6
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	36.5	0.3	0.3
Services	n.a.	n.a.	n.a.	32.8	0.0	0.0
Average Hourly Wage						
Mining	12.99	-0.2	-0.6	11.91	0.2	2.4
Construction	15.42	-2.0	3.4	12.21	-0.6	1.3
Manufacturing	10.07	1.1	3.5	9.49	0.5	3.9
Durables	10.20	1.4	3.9	10.05	0.5	3.6
Nondurables	9.90	0.8	3.1	8.65	0.6	4.1
Trans., Comm., & Public Utilities	11.71	0.0	1.6	11.26	0.0	2.2
Trade	7.60	1.1	0.4	6.88	-0.3	2.4
Fin., Ins., & Real Estate	n.a.	n.a.	n.a.	7.87	0.4	3.8
Services	n.a.	n.a.	n.a.	7.89	0.4	4.0

Labor Market Conditions

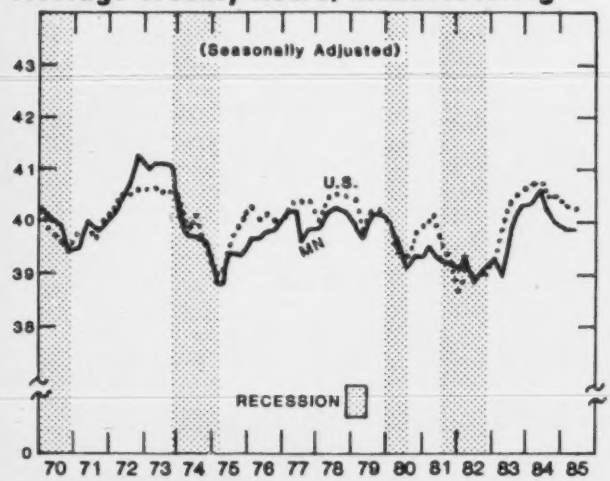
Ratio of Services to Goods Producing Jobs



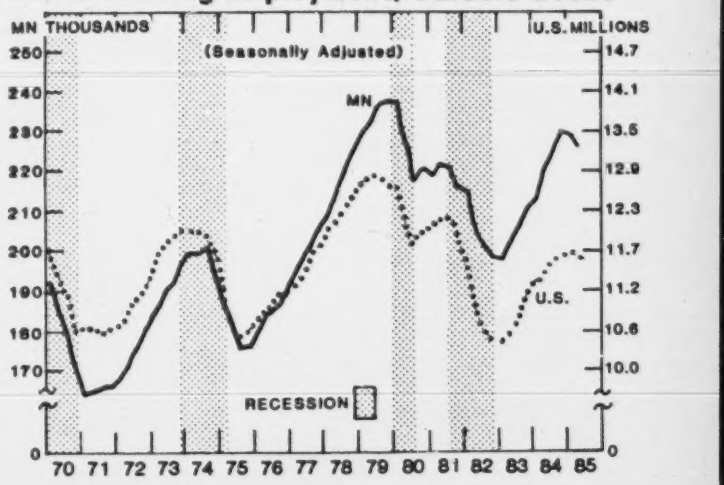
Manpower Utilization Rate



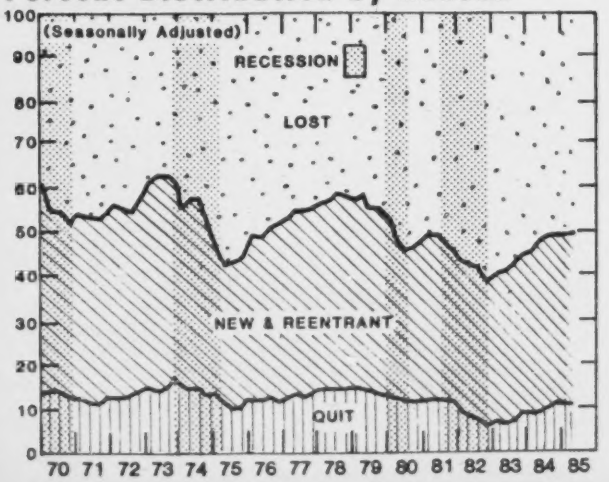
Average Weekly Hours, Manufacturing



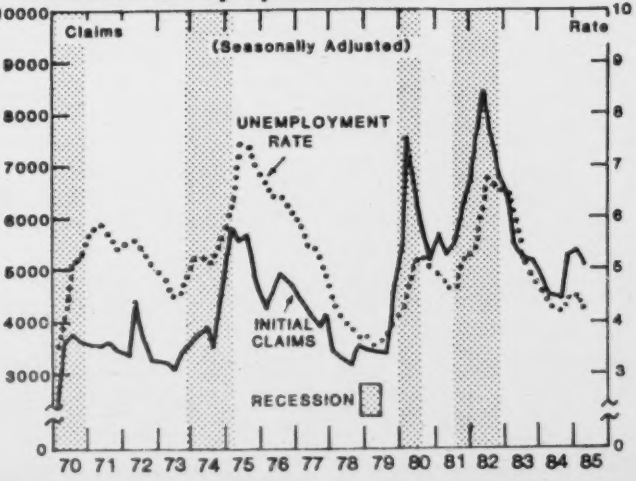
Manufacturing Employment, Durable Goods



U.S. Unemployment: Percent Distribution by Reason



MN Weekly Initial Claims & Handbook Unemployment Rate



Labor Market Conditions

The Table below provides data on persons who file claims for unemployment compensation in Minnesota. Only those claiming benefits from the regular State program are represented, since data on the characteristics of Federal employees and veterans are not available, and data on those receiving benefits from extended programs is reported only when those programs are in effect. If those receiving extended benefits were included they would distort the numerical comparisons over time, but would not substantially change the percentage distributions other than to increase the proportion of long-term unemployed.

Persons Claiming Benefits	Second Quarter 1985			July 1985			
	Number	Percent Change From		Number	Percent Change From		Percent Long Term
		Last Qtr.	Year Ago		Month Ago	Year Ago	
By Age & Sex							
Male	26873	-46.3	21.0	22718	13.3	53.8	21.2
Under 45	20687	-46.6	21.7	17974	16.3	57.2	19.7
16-24	4577	-50.5	19.2	3618	9.8	43.6	18.0
25-34	10383	-46.2	20.3	9151	17.9	59.5	19.5
35-44	5727	-43.7	26.7	5205	18.2	63.8	21.1
45 and Over	6186	-45.2	18.6	4744	3.5	42.4	26.8
45-54	3438	-47.2	20.0	2675	5.6	47.5	22.8
55 and Over	2748	-42.4	16.8	2069	1.0	36.3	32.0
Female	11688	-11.7	3.8	14968	22.4	13.5	17.4
Under 45	8658	-11.7	6.1	11199	24.1	15.4	16.5
16-24	1969	-18.2	5.5	2384	23.7	27.6	14.6
25-34	4020	-11.4	4.9	5240	26.0	10.1	17.5
35-44	2669	-6.7	8.5	3575	21.6	16.3	16.3
45 and Over	3030	-11.7	-2.1	3769	17.8	8.1	20.0
45-54	1750	-8.9	2.5	2193	18.2	10.1	18.5
55 and Over	1280	-15.1	-7.8	1576	17.3	5.5	22.0
By Industry	38561	-39.0	15.2	37686	16.8	34.8	19.6
Ag., For., Fish.	519	-71.8	1.0	268	-1.8	-6.9	15.0
Mining	475	-86.9	21.8	1698	789.0	1363.8	3.3
Construction	8105	-61.0	9.4	2778	-24.1	18.3	20.7
Manufacturing	13492	-15.6	51.7	16174	27.2	107.5	19.6
Pub. Utilities	1851	-37.3	8.0	1554	2.9	24.3	22.6
Wholesale Trade	2696	-24.5	32.9	2501	1.7	42.5	27.3
Retail Trade	4000	-22.2	2.0	3951	7.7	15.6	25.3
Fin., Ins., Real Est.	963	-16.3	6.3	947	0.7	-1.4	29.6
Services	5462	-11.7	-18.7	6691	12.4	-25.7	16.8
Public Admin.	562	-50.6	-7.4	583	17.1	1.4	16.7
Inf. Not Available	436	-47.4	-15.2	541	35.3	22.4	2.4
By Occupation	38561	-39.0	15.2	37686	16.8	34.8	19.6
Prof., Tech., Mgr.	4798	-2.2	-1.9	6685	25.4	0.1	18.5
Clerical	3780	-4.2	1.9	4534	13.7	10.2	20.9
Sales	1426	-12.9	10.0	1476	7.7	15.9	26.6
Services	2376	-21.8	-12.7	2544	8.7	-11.8	21.7
Farm., For., Fish.	467	-70.5	2.2	202	-12.2	-3.8	26.0
Processing	1928	-31.5	4.4	1533	2.1	37.1	14.0
Machine Trade	2959	-15.3	62.7	2938	9.1	81.6	25.4
Benchwork	4503	-16.7	68.3	6668	44.4	155.3	16.5
Structural Work	9572	-57.6	13.7	4560	-11.8	25.9	21.7
Misc.	6434	-52.1	21.7	6233	32.2	79.0	17.9
Inf. Not Available	318	-19.7	-7.8	313	-1.3	-7.7	16.7
By Duration	38561	-39.0	15.2	37686	16.8	34.8	
0-14 Weeks	27518	-49.2	10.4	30300	23.1	35.5	
15+ Weeks (Long-Term)	11043	21.4	29.4	7386	-3.4	32.1	

Labor Market Conditions

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings

Industry	EMPLOYMENT 1/ (thousands)			PERCENT CHANGE FROM		PRODUCTION WORKERS' HOURS & EARNINGS					
						Average Weekly Earnings		Average Hourly Earnings		Average Weekly Hours	
	July 1985	June 1985	July 1984	June 1985	July 1984	July 1985	June 1985	July 1985	June 1985	July 1985	June 1985
Total Nonagricultural	1881.7	1903.1	1828.2	-1.1	2.9						
Manufacturing	381.5	381.1	379.8	0.1	0.4	398.59	400.18	10.04	10.08	39.7	39.7
Durable Goods	227.7	228.7	227.8	-0.5	0.0	419.62	420.04	10.31	10.27	40.7	40.9
Furniture, Lumber and Wood	18.3	18.0	17.1	1.9	7.0	482.51	476.85	11.30	11.22	42.7	42.5
Stone, Clay and Glass	9.3	9.3	9.4	-0.2	-1.5	379.05	380.70	10.50	10.43	36.1	36.5
Primary Metals	5.8	5.9	6.5	-3.1	-11.6	358.27	403.97	9.21	9.55	38.9	42.3
Fabricated Metals	35.0	35.1	35.6	-0.2	-1.7	452.92	451.16	11.02	10.97	41.1	41.4
Nonelectrical Machinery	92.7	93.7	92.1	-1.0	0.6	449.28	436.97	10.80	10.71	41.6	40.8
Electrical Machinery	27.9	27.7	28.7	0.6	-2.8	317.20	321.57	7.93	7.94	40.0	40.5
Transportation Equipment	6.6	6.7	5.7	-1.7	16.4	468.03	503.30	11.36	11.57	41.2	43.5
Other Durable Goods 2/	32.1	32.3	32.6	-0.7	-1.5	394.22	394.99	9.93	9.85	39.7	40.1
Nondurable Goods	153.7	152.4	152.0	0.9	1.1	369.60	373.76	9.65	9.81	38.3	38.1
Food and Kindred	49.6	48.2	49.1	2.8	1.0	321.60	311.70	8.04	8.29	40.0	37.6
Textile and Apparel	4.6	4.7	5.2	-3.0	-11.1	234.25	230.01	6.23	6.15	37.6	37.4
Paper and Allied	34.5	34.4	34.8	0.3	-0.8	478.12	499.16	11.69	11.69	40.9	42.7
Printing and Publishing	41.8	41.6	39.5	0.6	5.8	368.46	372.01	10.68	10.69	34.5	34.8
Chemical and Petroleum	10.1	10.1	10.1	-0.7	-0.3	430.51	440.70	11.27	11.30	38.2	39.0
Rubber and Leather	13.2	13.4	13.4	-1.1	-1.6	312.16	317.68	8.28	8.36	37.7	38.0
Nonmanufacturing	1500.2	1521.9	1448.3	-1.4	3.6						
Mining and Quarrying	8.4	10.3	11.1	-18.9	-24.9	525.75	513.91	12.73	12.88	41.3	39.9
Metal Mining	5.8	7.8	8.7	-26.0	-33.3	557.57	540.96	13.87	13.80	40.2	39.2
Construction	83.8	80.5	78.7	4.1	6.5	595.53	565.81	15.27	15.21	39.0	37.2
Building	22.0	20.9	21.3	5.4	3.1	543.11	532.50	14.33	14.47	37.9	36.8
Highway and Heavy	17.3	16.5	15.8	4.9	9.5	591.68	523.77	13.76	13.43	43.0	39.0
Special Trades	44.5	43.2	41.6	3.1	7.1	624.34	598.21	16.43	16.30	38.0	36.7
Transportation	63.8	63.9	61.2	-0.2	4.2						
Railroads	9.8	9.9	10.8	-1.2	-9.4						
Trucking and Warehousing	27.0	26.9	25.8	0.5	4.6	372.13	396.29	11.45	11.52	32.5	34.4
Public Utilities	35.1	35.0	35.3	0.1	-0.7	529.20	534.66	13.33	13.40	39.7	39.9
Communications	20.3	20.3	20.5	0.1	-0.9	494.00	493.20	12.35	12.33	40.0	40.0
Elec., Gas and Sanitary	14.7	14.7	14.8	0.2	-0.6	571.69	584.26	14.51	14.68	39.4	39.8
Trade	480.0	481.0	467.7	-0.2	2.6	230.58	228.92	7.61	7.58	30.3	30.2
Retail	359.1	360.8	348.7	-0.5	3.0	185.64	183.30	6.63	6.57	28.0	27.9
General Merchandise	49.6	49.4	47.5	0.5	4.6	174.10	172.29	6.24	6.22	27.9	27.7
Food Stores	47.4	47.8	47.8	-0.8	-0.9	204.45	200.04	7.05	6.97	29.0	28.7
Automotive	39.6	39.8	37.2	-0.4	6.4	355.79	349.87	9.59	9.38	37.1	37.3
Eating and Drinking	126.2	127.7	121.8	-1.2	3.6	105.57	105.33	4.59	4.54	23.0	23.2
Wholesale	120.9	120.2	119.0	0.6	1.6	384.56	387.73	10.12	10.15	38.0	38.2
F.I.R.E.	111.6	110.6	107.4	0.9	3.9						
Finance	51.7	51.3	50.4	0.8	2.6						
Insurance	40.5	40.1	38.4	1.0	5.5						
Real Estate	19.4	19.2	18.6	1.1	4.3						
Service	442.1	441.4	415.7	0.1	6.3						
Hotel and Lodging	25.7	25.4	24.4	1.2	5.3						
Business Services	82.6	82.0	74.1	0.7	11.5						
Health Services	138.7	137.9	131.2	0.6	5.7						
Private Education	17.6	20.0	17.3	-12.4	1.5						
Soc., Serv., Museums etc.	93.7	93.0	90.6	0.8	3.4						
Government	275.5	299.1	271.2	-7.9	1.6						
Federal	31.9	31.8	31.0	0.4	2.9						
State	63.9	69.6	64.5	-8.2	-1.0						
Local	179.7	197.6	175.6	-9.1	2.3						

1/ Totals may not add because of rounding.

2/ Includes Scientific Instruments and Miscellaneous Industries.

Labor Market Conditions

Labor Force Data: State, MSAs, and Counties

Area or County	July 1985, Prelim.			
	Labor Force[1/]	Unemp.	Unemp. Rate	Year Ago
State of Minnesota	2257329	120811	5.4	5.7
Metropolitan Areas				
Duluth/Superior MSA	99745	10377	10.4	9.3
St. Louis County	82714	8664	10.5	9.3
City of Duluth	32510	2030	6.2	8.7
Douglas County (Wisc.)	15318	1713	11.2	9.7
Fargo/Moorhead MSA	80812	2940	3.6	4.0
Cass County (N. Dakota)	52292	1811	3.5	3.3
Clay County	28520	1129	4.0	5.3
Mpls./St. Paul-MN-WI MSA	1268478	56297	4.4	4.8
Anoka County	118242	5373	4.5	5.0
Carver County	22080	877	4.0	3.6
Chisago County	15526	699	4.5	4.3
Dakota County	118787	5598	4.7	4.4
Hennepin County	554814	25074	4.5	5.0
City of Bloomington	48908	2790	5.7	4.9
City of Minneapolis	214129	10095	4.7	5.6
Isanti County	14020	767	5.5	4.0
Ramsey County	269552	11687	4.3	5.0
City of St. Paul	157180	7707	4.9	5.6
St. Croix County (Wisc.)	25327	917	3.6	4.8
Scott County	26760	1454	5.4	4.2
Washington County	68330	2400	3.5	4.0
Wright County	35040	1451	4.1	3.8
Rochester MSA-Olmsted Cty.	62522	2191	3.5	4.0
St. Cloud MSA	81164	5205	6.4	7.3
Benton County	12586	840	6.7	7.8
Sherburne County	15385	1075	7.0	6.9
Stearns County	53193	3290	6.2	7.3
Counties				
Aitkin	5584	628	11.2	12.4
Becker	13110	1019	7.8	10.2
Beltrami	16350	1109	6.8	7.5
Big Stone	4122	208	5.0	5.7
Blue Earth	27930	1295	4.6	4.6
Brown	15695	739	4.7	5.1
Carlton	11437	911	8.0	9.6
Cass	11421	796	7.0	8.2
Chippewa	7929	472	6.0	6.7
Clearwater	4202	513	12.2	15.2
Cook	2493	162	6.5	7.8
Cottonwood	7883	650	8.2	9.2
Crow Wing	18935	1334	7.0	7.6
Dodge	9219	496	5.4	6.6
Douglas	14705	777	5.3	5.1
Faribault	11728	568	4.8	4.5
Fillmore	13543	795	5.9	5.9
Freeborn	18644	1017	5.5	7.1
Goodhue	20894	1048	5.0	6.2
Grant	3844	176	4.6	4.9

Area or County	July 1985, Prelim.			
	Labor Force[1/]	Unemp.	Unemp. Rate	Year Ago
Houston	10472	546	5.2	5.0
Hubbard	5989	569	9.5	10.2
Itasca	16675	1763	10.6	10.1
Jackson	9047	423	4.7	5.8
Kanabec	5955	543	9.1	9.4
Kandiyohi	19323	911	4.7	5.1
Kittson	3538	292	8.3	8.6
Koochiching	7323	754	10.3	8.0
Lac Qui Parle	6140	242	3.9	4.9
Lake	4614	454	9.8	12.8
Lake of the Woods	2080	1962	5.7	7.5
Le Sueur	13503	888	6.6	6.7
Lincoln	4261	199	4.7	5.2
Lyon	15746	664	4.2	4.7
McLeod	18387	870	4.7	4.6
Mahnomen	3023	257	8.5	9.9
Marshall	6570	646	9.8	11.7
Martin	14967	1007	6.7	5.0
Meeker	11979	1008	8.4	8.3
Mille Lacs	9399	672	7.1	7.4
Morrison	13478	1113	8.3	9.0
Mower	18453	931	5.0	5.7
Murray	6629	348	5.2	6.1
Nicollet	14661	632	4.3	4.2
Nobles	12417	689	5.5	5.8
Norman	5214	283	5.4	5.5
Otter Tail	26093	1757	6.7	7.6
Pennington	6291	451	7.2	7.6
Pine	9990	715	7.2	8.4
Pipestone	6087	256	4.2	3.9
Polk	17323	1307	7.5	8.9
Pope	6135	292	4.8	5.3
Red Lake	2313	327	14.1	12.5
Redwood	12922	1205	9.3	4.4
Renville	13068	1055	8.1	7.6
Rice	24158	2116	8.8	6.8
Rock	6136	204	3.3	3.4
Roseau	6804	372	5.5	7.6
Sibley	8759	493	5.6	5.7
Steele	17365	808	4.7	5.4
Stevens	6017	217	3.6	4.3
Swift	6393	463	7.2	9.2
Todd	12046	746	6.2	7.0
Traverse	3070	114	3.7	4.0
Wabasha	10443	569	5.4	7.0
Wadena	5946	370	6.2	7.6
Waseca	9918	499	5.0	4.5
Watonwan	6876	332	4.8	5.5
Wilkin	4445	279	6.3	5.4
Winona	22810	1342	5.9	7.2
Yellow Medicine	8339	418	5.0	5.0

Technical Notes:

1/ Labor force data is computed according to BLS methodology. The method includes an adjustment to assure that the sum of the substate areas equals the separately estimated State total. This adjustment is applied to all county and MSA areas. County and area unemployment was multiplied by an adjustment factor of 1.29; employment was multiplied by .99. For a more detailed explanation see the Review of Labor and Economic Conditions, Vol. 4, No. 4, (February 1978 issue), p. 29.

Labor force is the sum of employment and unemployment; therefore, employment can be derived by subtracting unemployment from the labor force.

National Economic Activity
Spending, Output, Income, and Prices

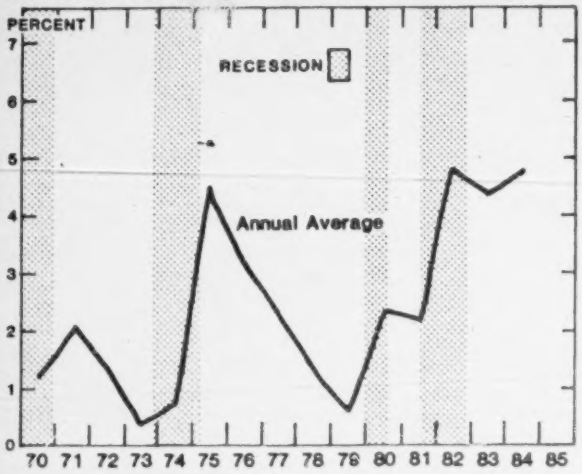
The overall level and composition of National Output shape labor market conditions, and nominal and real earnings. (Nominal values are not adjusted for inflation; real values are adjusted for inflation.) Personal Consumption Expenditures, especially on Durable Goods, together with data on Retail Sales, are frequently used as indicators of future levels of employment. The number of Building Permits influences the level of employment in construction and related industries. The Federal Budget Deficit is a key indicator of the stimulatory effect of government policy. Whether this effect results in inflation, improved employment conditions, or some combination of the two, depends in part, upon the degree to which present productive capacity is utilized. Present and anticipated Money and Credit Conditions determine the ability of consumers, business, and State and Local governments to borrow in order to finance purchases, which, in turn, generate income and employment.

Spending, Output, Income, and Prices	United States		
	II QTR. 1985	Percent Change from	
		Last Qtr.	Year Ago
Spending and Output			
Gross National Product (in Billions of 1972 Dollars)1/	1670.7	0.4	1.9
Personal Consumption Expenditures	1103.1	1.3	3.7
Durable Goods	190.6	1.9	6.7
Nondurable Goods	404.4	1.5	2.0
Services	508.1	0.9	3.9
Gross Private Domestic Investment	287.7	-1.5	1.3
Nonresidential, Fixed	219.9	3.2	8.4
Residential, Fixed	62.0	3.3	2.0
Net Exports	-33.8	#	#
Government Purchases	313.7	1.0	3.8
Federal	130.6	0.6	6.0
State and Local	183.1	1.2	2.3
Current Federal Budget Surplus (Deficit)2/	-210.8	-165.1	-163.7
Current Federal Budget Surplus (Deficit) as % of GNP3/	-5.5	-4.3	-4.5
Retail Sales (in millions of dollars)	114968	3.0	6.3
Industrial Production4/	124.4	0.5	2.5
Housing Starts5/	1770	-1.4	-4.7
Plant Utilization Rates	80.4	-0.1	-0.5
New Orders - Durable Goods (in millions of dollars)	103169	0.7	4.4
Income and Credit			
Total Personal Income (in billions of dollars)	3181.6	1.2	6.6
Total Disposable Personal Income (in billions of dollars)	2734.6	3.0	7.1
Per Capita Personal Income			
Current Dollars	13343	1.0	5.7
1972 Dollars	4200	-0.2	1.5
Median Family Income - Family of Four (in dollars)	34426	1.0	5.4
Poverty Threshold for Family of Four (in dollars)	10650	---	4.4
Average Weekly Earnings of Production Workers in Mfg	382.63	1.0	2.7
Money and Credit			
Money Supply (M2) (in billions of dollars)	2448.3	1.3	8.6
Federal Reserve Discount Rate	7.77	-2.9	-13.3
Prime Rate Charged by Banks	10.20	-3.2	-17.1
Consumer Installment Credit as % of Disp. Pers. Income	17.9	1.8	12.6
Prices			
Consumer Price Index (All Urban Consumers)	321.2	1.2	3.7
Food	301.3	0.2	2.4
Housing	348.3	1.4	4.1
Apparel	205.3	1.5	3.4
Transportation	321.1	1.9	3.0
Medical Care	399.7	1.5	6.1
Personal Care	280.8	1.0	4.1
Producer Price Index	309.6	0.2	-0.6
Finished Goods	292.2	0.6	0.6
Raw Materials	305.4	-3.5	-8.2

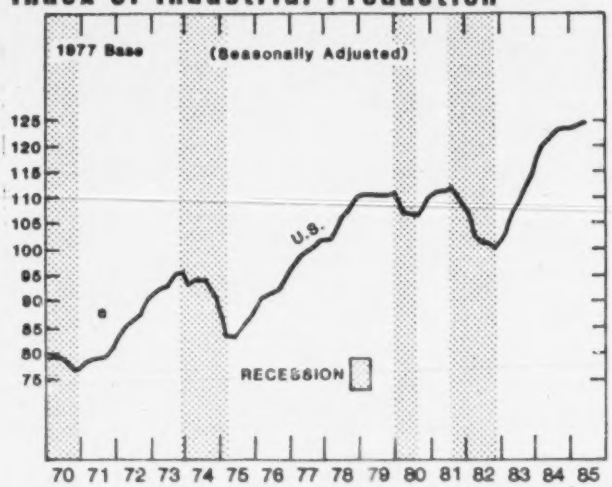
Percent change not applicable

Output, Expenditures, Money, & Credit Conditions

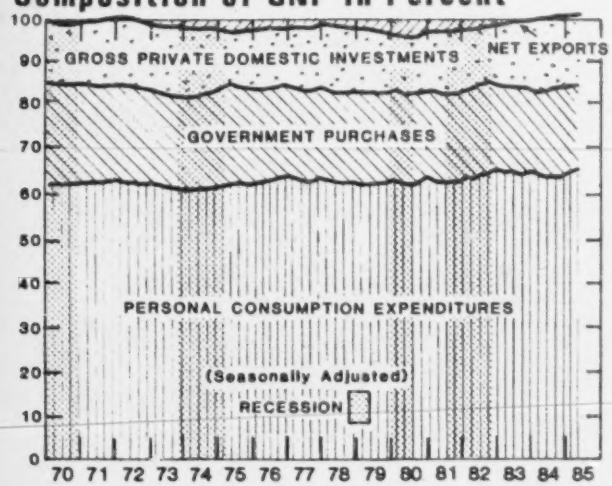
Federal Deficit as % of GNP (Current Dollars)



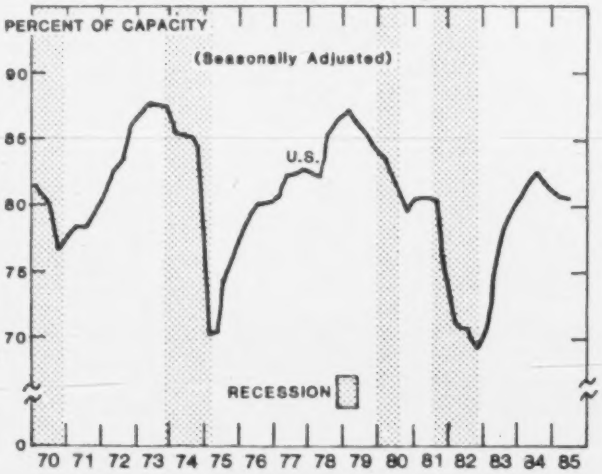
Index of Industrial Production



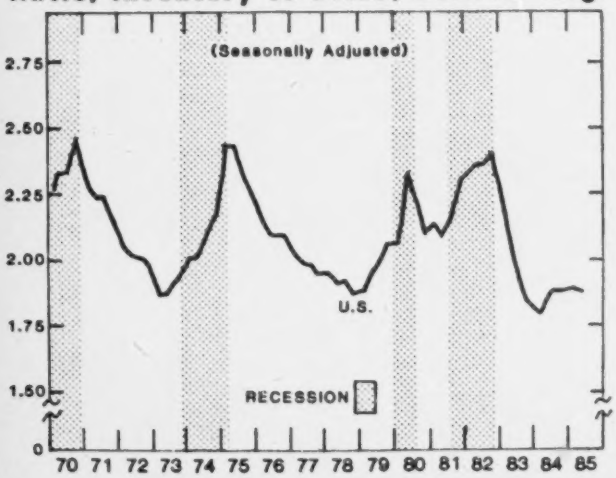
Composition of GNP in Percent


GROSS PRIVATE DOMESTIC INVESTMENTS
NET EXPORTS
GOVERNMENT PURCHASES
PERSONAL CONSUMPTION EXPENDITURES
(Seasonally Adjusted)
RECESSION
0 10 20 30 40 50 60 70 80 90 100
70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85

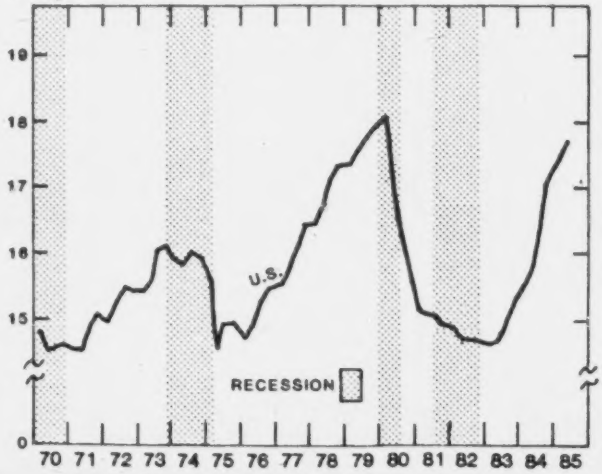
Plant Utilization Rates, Mfg.



Ratio, Inventory to Sales, Durable Mfg.

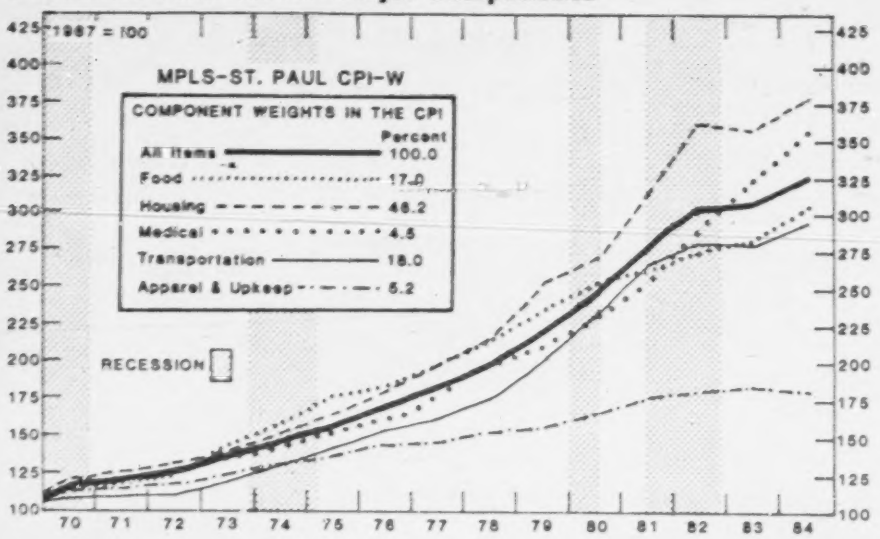


Ratio, Consumer Installment Debt to Disposable Personal Income, U.S.

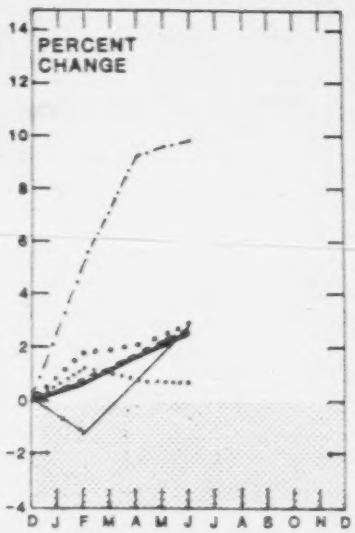


Income & Purchasing Power

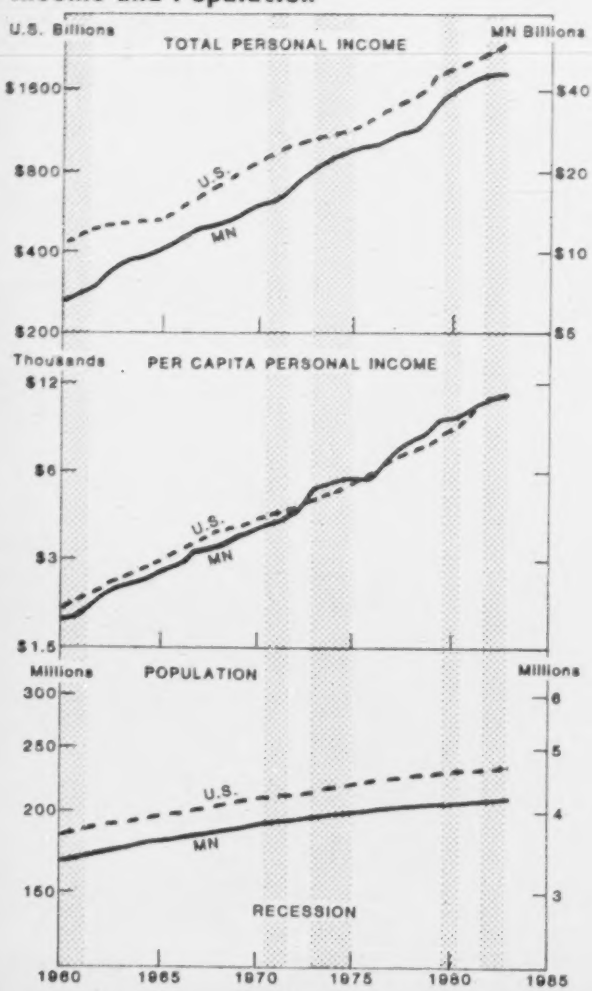
Consumer Price Index–Major Components



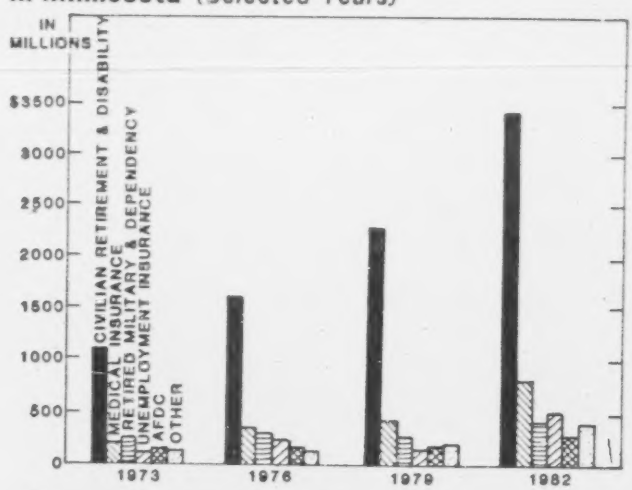
% Δ From Dec. 1984



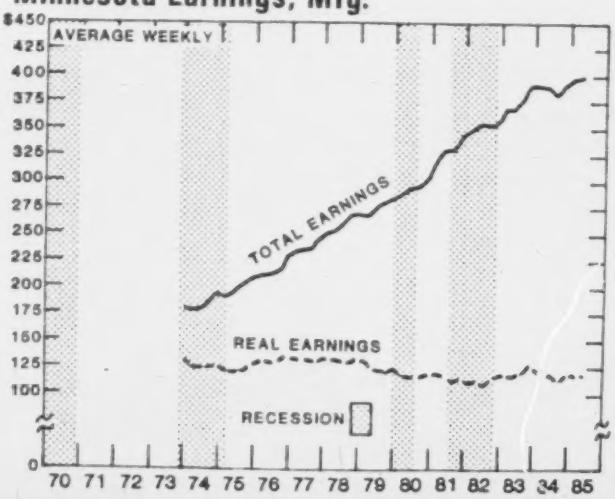
U.S. & MN Personal Income and Population



Government Transfer Payments To Individuals In Minnesota *(Selected Years)*



Minnesota Earnings, Mfg.



Minnesota Income Support and Employment Assistance Data

Presented below is data on income support and employment assistance programs provided to unemployed Minnesotans. Usually, the number of individuals receiving payments or employment and training assistance is the average of the three months in the quarter. In most programs there are eligibility requirements which must be met. In the table below, comparative data from a quarter ago and a year ago is presented. Because of seasonal swings in economic activity, quarter to quarter comparisons of program data can vary significantly. Year ago comparisons give a better indication of trends in the economy.

	Number of Persons			Amount Paid (Thousands)		
	II QTR. 1985	Last Quarter	Last Year	II QTR. 1985	Last Quarter	Last Year
Unemployment Insurance						
Total State	52054	74508	43925	$24,795.2	$38,041.6	$19,360.7
Northeast	5912	11165	5332	2,885.0	6,320.7	2,319.4
Northwest	7253	11661	6821	3,129.7	5,613.1	2,784.5
Central	6868	10199	5299	3,109.4	5,212.0	2,265.9
Metropolitan	21029	25446	17107	10,963.3	13,324.1	8,077.0
Southern	10991	16036	9365	4,707.7	7,571.7	3,914.0
General Assistance	(Prelim.)			(Prelim.)		
Total State	40339	39303	23285	$8,148.4	$7,699.1	$5,016.1
Northeast	6853	6759	4897	1,283.1	1,303 8	1,037.5
Northwest	4538	4304	2166	793.7	737.2	402.2
Central	2500	2426	1260	453.5	433.6	252.0
Metropolitan	22097	21489	12501	4,786.2	4,418.9	2,826.3
Southern	4351	4325	2461	831.9	805.6	498.1
Job Service						
Individuals served	163790	146781	146927			
Individuals placed	4985	3409	6280			
Vocational Rehabilitation						
Active Caseload	15707	15184	14788			
Percent Severely Disabled	55.6	56.2	56.3			
Closed-Employed	367	311	337			
Job Training Partnership Act (Title IIA)						
Participants	13392	11852	10818			
Entered Employment	3471	2082	2790			
Trade Adjustment Assistance (TRA)						
Individuals Entitled to Basic TRA	7	1	47			
Individuals Placed or Entered Training	11	16	27			
Targeted Jobs Tax Credit						
Individuals Vouchered	3450	1405	964			
Individuals Certified	1364	809	1086			
Food Stamp Program						
Registrations	1557	1559	1592			
Individuals Entered Employment	162	115	209			
Work Incentive Program						
Registrants On-Board	25237	24936	24443			
Individuals Entered Employment	508	326	592			
MEED						
Individuals On-Board	5941	5834	8379			
Left Program with Unsubsidized Job	637	609	659			

Technical Notes

For the reader's convenience the notes which follow are organized in sequence for the pages which appear in the statistical section. Each note corresponds to the footnote or reference notation for the given page.

* Wherever an asterisk appears the data is seasonally adjusted.

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1/ Four percent is a generally agreed upon criteria for measuring full employment. It allows for the movement of persons between jobs. Labor Force Unemployment Rate less four percent, based on official estimates.

2/ Estimated worker hours expended in nonfarm payroll employment as a percent of potential worker hours assuming that each member of the nonfarm labor payroll labor force was employed at a standard rate of 40 hours per week.

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1/ The handbook unemployment rate is the estimate of unemployment prior to the Current Population Survey (CPS) adjustment.

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1/ Totals may not add due to rounding.

2/ Values shown in percent change columns are deficit in billions of dollars for period cited.

3/ Values shown in percent change columns are deficit as percent of GNP for period cited.

4/ Base year is 1977. Source: Federal Reserve Board.

5/ Annualized in thousands. Source: Bureau of the Census

Available Publications

Review of Labor and Economic Conditions and its Monthly Supplement (Recent Issues)

Minnesota Employment Outlook to 1990 (February 1985)

Labor Market Information Summary for 1985 for Minneapolis-St. Paul SMSA (May 1984), St. Cloud SMSA (June 1984), Duluth SMSA (Sept. 1984), and Minnesota (April 1984)

Minnesota Nonagricultural Wage & Salary Employment, Hours, and Earnings, January 1950 - December 1984 (April 1985)

Employment, Hours, and Earnings, 1950-1985, Minneapolis-St. Paul Area (April 1985)

Important Minnesota Occupations by Industry (August 1984)

1982 Occupational Employment Statistics in Minnesota (April 1984)

1983 Occupational Employment Statistics in Minnesota (December 1984)

1985 Minnesota Salary Survey by Area (July 1985)

1985 Minnesota Hospitals and Nursing Homes Salary Survey (August 1985)

1985 Minnesota Wage Data by Industry and Size of Firm (September 1985)

Minnesota Labor Market Information Directory (June 1984)

Minnesota Employment and Wage Data by County (Fourth Quarter 1984) Limited number available for 1975-1983

Average Covered Employment & Wages by Economic Region for the Calendar Year 1982 by Two Digits of Industry (also available for 1976-82)

Unemployment Compensation Program Statistics: Total Wages, Taxable Wages, Contributions Due, and Benefits Paid, 1950 - 1978

Cyclical Sensitivity in Minnesota (August 1981)

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